

Message Text

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ACTION AF-06

INFO OCT-01 EUR-12 EA-07 NEA-10 ISO-00 AID-05 CIAE-00

COME-00 EB-07 FRB-03 INR-07 NSAE-00 USIA-06 TRSE-00

XMB-02 OPIC-03 SP-02 CIEP-01 LAB-04 SIL-01 OMB-01

INT-05 GSA-01 NSC-05 SS-15 STR-04 CEA-01 PRS-01 PA-01

L-03 H-02 FEAE-00 /116 W
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R 031445Z FEB 76

FM AMEMBASSY CAPE TOWN

TO AMEMBASSY KINSHASA

INFO SECSTATE WASHDC 4926

AMEMBASSY BRUSSELS

AMEMBASSY LONDON

AMEMBASSY PARIS

AMEMBASSY TEHRAN

AMEMBASSY TOKYO

AMCONSUL JOHANNESBURG

AMEMBASSY PRETORIA

C O N F I D E N T I A L CAPE TOWN 0103

E.O. 11652: GDS

TAGS: EFIN, EINV, EMIN, CG

SUBJ: SMTF FINANCING

REF: KINSHASA 612 (NOTAL)

SUMMARY: REPRESENTATIVES OF SMTF HAVE BEEN DISCUSSING WITH SAG OFFICIALS POSSIBLE EQUITY PARTICIPATION. ONE PROPOSAL IS THAT SAG WOULD ADVANCE FUNDS WHILE IRAN WOULD FURNISH SA WITH \$150 MILLION WORTH OF OIL AND SHARE IN EQUITY. END SUMMARY.

1. L.R. DEVLIN, REPRESENTATIVE OF LEON TEMPELSMAN ON SMTF, CALLED ON AMBASSADOR JANUARY 29 TO BRIEF HIM ON HIS TALKS WITH SAG OFFICIALS RE SMTF FINANCING. (FORMER US TREASURY
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SECRETARY ANDERSON, ALSO REPRESENTING TEMPELSMAN, HAD PREVIOUSLY

TOLD AMBASSADOR HIS COMPANY IS TRYING INTEREST SAG AND IRANIAN GOVERNMENTS TO PROVIDE \$250 MILLION NEEDED.)

2. ACCORDING TO DEVLIN, ANDERSON HAD MET WITH SAG PRIME MINISTER VORSTER WHO HAD APPROVED FURTHER DISCUSSIONS. DEVLIN SUBSEQUENTLY MET WITH VARIOUS SAG OFFICIALS INCLUDING COMMERCE SECRETARY STEYN AND INDUSTRIES SECRETARY THEREON. DEVLIN PROPOSED TO THEM THAT SAG WOULD ADVANCE NECESSARY FINANCING WHILE IRAN WOULD SUPPLY SA WITH \$150 MILLION WORTH OF OIL AND THE TWO GOVERNMENTS WOULD SHARE THE EQUITY. DEVLIN SAID STEYN WAS "VERY INTERESTED" AND PROMISED DISCUSS AVAILABILITY OF FUNDS WITH FINANCE MINISTER. MEANWHILE IT WAS SUGGESTED THAT ANDERSON AND DEVLIN DISCUSS OIL DELIVERY SCHEDULE WITH OFFICIALS OF SASOL (SOUTH AFRICAN COAL, OIL AND GAS CORPORATION). SAG OFFICIALS SAID SA'S LACK OF FACILITIES FOR FURTHER STOCKPILING WOULD POSE MAJOR PROBLEM. ACCORDING TO DEVLIN, CURRENT THINKING IS THAT SAG WOULD ADVANCE MONEY WHILE IRAN WOULD MAKE DELAYED OIL DELIVERIES OR WOULD DELIVER TO THIRD COUNTRIES WHO WOULD CREDIT SA ON ACCOUNT.

3. SAG COMMERCE DEPARTMENT OFFICIALS ASKED DEVLIN IF MORE EQUIPMENT OR MATERIALS FOR SMTF PROJECTS COULD BE PROCURED IN SA IF FINANCING GOES THROUGH. HE ANSWERED THAT SOME STEEL FOR THE PROJECT ALREADY HAD BEEN BOUGHT FROM SA AND THAT WHILE EFFORTS CERTAINLY WOULD BE MADE TO INCREASE PROCUREMENT IN SA, THIS WOULD BE LIMITED IN PART BY PROCUREMENT REQUIREMENTS OF EXISTING LOANS SUCH AS THOSE FROM EXIMBANK AND OTHER USG SPONSORED EXPORT AGENCIES.

4. DEVLIN STRESSED TO AMBASSADOR UNFORTUNATE EFFECTS OF A SMTF SLOWDOWN, POINTING OUT THAT DEPENDENCY RATIO WAS SUCH THAT THE RETRENCHMENT OF 5,500 JOBS WOULD DIRECTLY AFFECT TEN TIMES THAT NUMBER OF PERSONS.

5. MEMCON BEING POUCHED.
BOWDLER

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